

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

January 26, 2006

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, One West Exchange Street, Providence, Rhode Island on January 26, 2006 at approximately 9:33 a.m.

Present were Board Members: Raymond Fogarty (Chair), Edward Rendine,

Maurice Paradis and William Parsons. Absent was Richard DeMerchant. Also present were: Earl Queenan, Anthony Scolavino, Claudine Tikoian, Alicia Pomfret staff, along with Thomas V. Moses, SBLFC Counsel of Moses Afonso Jackvony Ltd., and Meredith E. Holderbaum, Legislative Fiscal Analyst of the Senate Fiscal Office.

Mr. Fogarty called the meeting to order at 9:33 a.m.

Adoption of Minutes

The first item to come before the Board was consideration for adoption of the Minutes from the Board Meeting held on December 22, 2006. Mr. Parsons made a motion to approve the Public and Executive Session Minutes and Mr. Paradis seconded the motion, which was unanimously passed.

Executive Minutes

The second item to come before the Board was the consideration of maintaining the Executive Session Minutes of the December 22, 2006 meeting as confidential.

Mr. Rendine made a motion, Mr. Parsons seconded, and the motion passed unanimously.

Cash Position / Portfolio Activity / Delinquency Review

Mr. Scolavino presented and performed reviews of the Cash Position as of

December 31, 2005 and the Report of Portfolio Activity and Watch List as of

December 31, 2005. Mr. Scolavino asked if there were any questions on these reports. No questions were presented by the Board.

Report and Approval Request for Recommended Loan Charge Offs as of

December 31, 2005

Mr. Scolavino presented and performed a review of the Report and Approval Request for Recommended Loan Charge Offs as of

December 31, 2005. Mr. Scolavino asked if there were any questions on the proposed charge offs. At Mr. Rendine's request, Mr. Scolavino discussed Gateway Eight. Mr. Rendine then asked what the exit strategy is for Thymesavers. Mr. Scolavino reported that the owner went into Personal Bankruptcy only; the business did not go into bankruptcy. He said that the strength of the deal for the SBLFC is that the SBLFC is securitized by the guarantor's house, and the SBLFC may have to move against that security. Following review and discussion, a motion was made by Mr. Paradis, was seconded by Mr. Parsons, and was unanimously adopted to approve the Recommended Loan Charge Offs as of December 31, 2005.

EXECUTIVE SESSION

At 9:39 a.m. Mr. Paradis made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended. Mr. Parsons seconded the motion, which passed unanimously.

Upon a motion made by Mr. Rendine and seconded by Mr. Parsons, the Board unanimously voted to return to Public Session at 10:29 a.m.

Executive Session Vote Ratification

The next item to come before the Board was the ratification of voting held during the Executive Session.

Mr. Fogarty presented the following votes for ratification and approval:

- 1) Town of Burrillville – Brownsfield Cleanup RLF \$335,000 Loan/Grant request**
- 2) Munroe Dairy – Flood Loan request for \$70,000**
- 3) YMCA of Greater Providence – Brownsfield Cleanup RLF Extension of Loan Approval Commitment to June 30, 2006**

A motion was made by Mr. Rendine, was seconded by Mr. Parsons, and was unanimously approved to ratify these Executive Session votes.

Mr. Fogarty presented the Lance Industries – Flood Loan request for \$100,000 for Executive Session vote ratification and approval. He noted that this ratification and approval is subject to the conditions as outlined in the Executive Session portion of this meeting. A motion was made by Mr. Rendine, was seconded by Mr. Parsons, and was unanimously approved to ratify the Lance Industries Executive Session vote, subject to the conditions as outlined in the Executive Session, and maintained therein.

Upon a motion made by Mr. Parsons, and seconded by Mr. Paradis, the Board unanimously voted to adjourn. The meeting concluded at 10:31 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance